The issue of trade credit has been in existence since ancient times. Research shows that poor credit management contributed to the 2007/2008 Financial Crisis. Thus, for companies to survive in a competitive environment, trade credit became inevitable. The quest for increased profitability by these firms through trade credit has led them to face increased challenge of financial meltdown, loss of resources, increased debts and incessant liquidation despite the measures set to control trade credit. It was observed that one of the reasons why these problems arose was from inappropriate measures of credit management or unawareness of the approaches and techniques of credit management. It is in view of this that this study was embarked upon to examine the impact of credit management on the profitability of Nigerian quoted manufacturing firms. Specifically, the study examined the effect of credit policy and debtor’s turnover on profitability of Nigerian quoted manufacturing firms, as well ascertained the relationship between liquidity management and profitability of Nigerian quoted manufacturing firms and finally, analyzed the effect of firm size on profitability of Nigerian quoted manufacturing firms.

With the use of ex-post facto research design, the study relied on data extracted from the audited financial statement of a sample of 15 manufacturing companies purposively drawn from the total population of 74 manufacturing companies listed on the Nigerian stock exchange. The data were subjected to both descriptive and inferential statistics with the aid of statistical package for social sciences (SPSS Version 19). The descriptive statistics conducted were mean, standard deviation, maximum and minimum value. Inferential statistics on the other hand includes the Pearson movement correlation coefficient which was used to determine whether there is a significant relationship and multiple linear regression that enabled the research to determine the effect of independent variable (credit management) on the dependent variable (profitability). In the model, Return on Asset (ROA) and Net Profit Margin (NPM) were used as the profitability indicators.

The findings revealed that debtors’ turnover and credit policy had no significant effect on any of the profitability measure used in the study at 5% level of significance. In addition, the findings revealed that liquidity management had significant effect on return on asset. However, liquidity management does not have significant inference on net profit margin. Similarly, firm size had no significant effect on return on asset, but had a significant effect on net profit margin at 5% level of significance. It was concluded that credit management is a powerful tool for achieving a high level of profitability in a firm and the positive effects of liquidity management and firm size on the profitability measures, means that these variables do matter for the credit management of the organization.